

NEA FILE



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

OCA 3083-89

1418

STAT

THIS MESSAGE IS ELECTRONICALLY TRANSMITTED
ON A 3M-2110 AUTOMATIC TELECOPIER

TELECOPIER FOR RESOURCES-DEFENSE-INTERNATIONAL BRANCH ONLY

TRANSMISSION NUMBER: 202-395-5691

VERIFICATION NUMBER: 202-395-6194

TO:

[Redacted]

(482)

STAT

[Redacted]

STAT

FROM:

NOTE:

Per your request

NUMBER OF PAGES TO FOLLOW:

2 + Cover

DATE:

9/5/89

TIME:

LEGISLATIVE REFERENCE DIVISION
ROOM 7230
WASHINGTON, D.C. 20503

THE WHITE HOUSE
WASHINGTON

August 31, 1989

MEMORANDUM FOR RONALD K. PETERSON
CHIEF, RESOURCES-DEFENSE-INTERNATIONAL DIVISION
LEGISLATIVE REFERENCE DIVISION
OFFICE OF MANAGEMENT AND BUDGET

THROUGH: JOHN P. SCHMITZ *JS*
DEPUTY COUNSEL TO THE PRESIDENT

FROM: NELSON LUND *NL*
ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT: Draft SAP -- S. 1324, "Intelligence Authorization
Act for Fiscal Years 1990 and 1991"

Counsel's office has reviewed the captioned draft SAP. We strongly recommend that this draft be revised to include a statement that the President's senior advisors will recommend that he veto the bill unless section 104 is deleted.

We also suggest that the reference to "rare, extraordinary circumstances" in the second sentence be deleted. Although it is hoped and expected that such circumstances will be rare and extraordinary, the Administration should not unnecessarily seem to promise that this will always be the case.

Counsel's office appreciates having had the opportunity to review this draft.

09/01/89

09:52

OMB/LA

002



THE SECRETARY OF DEFENSE

WASHINGTON, THE DISTRICT OF COLUMBIA

August 31, 1989

MEMORANDUM FOR: THE DIRECTOR
OFFICE OF MANAGEMENT AND BUDGET

THE ASSISTANT TO THE PRESIDENT
FOR NATIONAL SECURITY AFFAIRS

FROM: THE SECRETARY OF DEFENSE

SUBJECT: Veto Signal on Senate Intelligence Authorization Bill

The Senate Intelligence Committee's FY'90 intelligence authorization bill (S. 1324) attacks a crucial national security prerogative of the President. The Administration should inform the Senate quickly and forcefully that the President's senior advisers will recommend that he veto the bill if it reaches him in its current form.

Section 104 of S. 1324 adds a new proviso to Section 502 of the National Security Act, relating to the CIA Reserve for Contingencies, as follows:

"Provided, however, That no funds from the Reserve for Contingencies may be obligated or expended for any operation or activity for which the approval of the President is required by section 662 of the Foreign Assistance Act of 1961 (22 U.S.C. 2422), or for any significant change to such operation or activity, for which prior notice has been withheld."

Section 662 of the Foreign Assistance Act requires a Presidential Finding of importance to national security for expenditure of CIA funds for a covert action. Section 501 of the National Security Act provides for prior notice of covert actions to the Congressional intelligence committees, or a leadership group in extraordinary circumstances. The Executive Branch consistently has maintained that the President has authority under the Constitution and Section 501(b) to defer giving notice of an extremely sensitive covert action to anyone in Congress, should rare circumstances so require to protect supreme national interests.

The bill seeks to require the President, even when he needs to act in absolute secrecy to meet extraordinarily grave threats to national security, to give prior notice to Congress of a covert action in order to have access to CIA Reserve funds.

If Section 104 of S. 1324 becomes law, the Presidency will lose a vital capability it needs to protect the Nation.

cc: The Secretary of State
The Director of Central Intelligence
The Counsel to the President
The Assistant to the President for Legislative Affairs